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STATE OF HAWAII
DEPARTMENT OF LAND AND NATURAL RESOURCES
Land Division
Honolulu, Hawaii 96813

September 25, 2009

Board of Land and Natural Resources
State of Hawaii
Honolulu, Hawaii

Hawaii

Consent to Assign, General Lease No. S-4333, Hawaiian Fruit Flavors, Inc.,
Assignor, to Kawika Ohana, LLC, Assignee; Waiakea, South Hilo, Hawaii, Tax
Map Key: 3rd/2-2-37:56.

APPLICANT:

Hawaiian Fruit Flavors, Inc., as Assignor, to Kawika Ohana, LLC, a Hawaii Limited
Liability Company, whose business and mailing address is 60 Panaewa Street, Hilo,
Hawaii 96720, as Assignee.

LEGAL REFERENCE:

Section 171-36(a)(5), Hawaii Revised Statutes, as amended.

LOCATION:

Portion of Government lands of Lot 2, Block 39, Waiakea House Lots situated at
Waiakea, South Hilo, Hawaii, identified by Tax Map Key: 3rd/2-2-37:56, as shown on the
attached map labeled Exhibit A.

AREA:

.448 acres (19,500 sq.ft.), more or less.

TRUST LAND STATUS:

Section 5(b) lands of the Hawaii Admission Act

DHHL 30% entitlement lands pursuant to the Hawaii State Constitution: NO

CHARACTER OF USE:

Light industrial purposes.

TERM OF LEASE:

The original term of 40 years, commencing on 7/15/1971 and expiring on 7/14/2011. A lease extension of 15 years, was granted by the Board effective 7/15/2011 through 7/14/2026. This action provides the lease an aggregate term of 55 years

ANNUAL RENTAL:

Current rent is \$24,600.00, due in semi-annual installments of \$12,300.00 on January 15 and July 15 of each year.

RENTAL REOPENINGS:

The original term was for forty (40) years, commencing on July 15, 1971 and expiring on July 14, 2011. The lease was extended by Board action on January 23, 2009 for an addition fifteen (15) years. Reopening for the extended term was on June 13, 2008 (immediate reopening), and a final reopening is scheduled for July 15, 2018 (approximately 10th year of additional term).

CONSIDERATION:

\$ 240,000.00.

RECOMMENDED PREMIUM:

Not applicable as the lease does not allow for a premium.

DCCA VERIFICATION:

ASSIGNOR:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

ASSIGNEE:

Place of business registration confirmed:	YES <u>X</u>	NO <u> </u>
Registered business name confirmed:	YES <u>X</u>	NO <u> </u>
Good standing confirmed:	YES <u>X</u>	NO <u> </u>

REMARKS:

General Lease No. S-4333 was sold to Hawaiian Fruit Flavors, Inc., the highest bidder at public auction of government leases held on April 16, 1971 for a period of forty (40) years. The current structure was erected the following year.

At its meeting of April 9, 1998 under agenda item D-7, the Board consented to the sublease agreements between Hawaiian Fruit Flavors, Inc., as Sublessor and Panaewa Distribution Center and Papaya Orchards of Hawaii, Inc., as Sublessees on a month-to-month basis. There is no documentation of when the subleases were cancelled.

On June 22, 2007 the Chairperson consented to the sublease agreement between Hawaiian Fruit Flavors, Inc. as Sublessor and Matsuyama Roofing & Co. Inc. as Sublessee.

At its meeting of June 13, 2008, under agenda item D-2, the Board approved the consent to mortgage and extension of lease term for General Lease No. S-4333, Hawaiian Fruit Flavors, Inc. for an additional fifteen (15) years commencing on July 15, 2011 and expiring on July 14, 2026. Further, at its meeting of January 23, 2009, under agenda item D-3, the Board amended the consented to a mortgage with extension of lease by authorizing an alternative mortgagee.

Mr. Sojo Nagao, principal shareholder for the Lessee, Hawaiian Fruit Flavors, Inc. is in poor health and wishes to retire. As a result, he has entered into negotiations for the sale of his leasehold property. Kawika Ohana, LLC is a contracting company will utilize a portion of the property. They intend to continue the sublease agreements of the existing tenants under Hawaiian Fruit Flavors, Inc. Upon completing the consent to assignment between Hawaiian Fruit Flavors, Inc. and Kawika Ohana, LLC, Kawika Ohana, LLC will then be required to renegotiate new sublease agreements with Matsuyama Roofing & Co. Inc. and any other tenants occupying the premises.

The Assignee has not had a lease, permit, easement or other disposition of State lands terminated within the last five years due to non-compliance with such terms and conditions.

The lessee is compliant with all the terms and conditions of the lease with regards to rent and liability/property insurance and performance bond requirement.

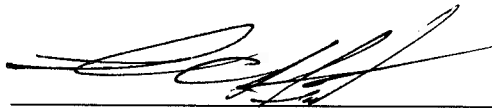
The last rental reopening occurred on June 13, 2008; there no further rental reopenings. There are no outstanding rental reopening issues.

RECOMMENDATION:

That the Board, subject to the Applicant fulfilling the Applicant requirements listed above:

- A. Consent to the assignment of General Lease No. S-4333 from Hawaiian Fruit Flavors, Inc., Assignor, to Kawika Ohana, LLC, Assignees, subject to the following:
1. The standard terms and conditions of the most current consent to assignment form, as may be amended from time to time;
 2. Review and approval by the Department of the Attorney General; and
 3. Such other terms and conditions as may be prescribed by the Chairperson to best serve the interests of the State.

Respectfully Submitted,



Gordon C. Heit
Land Agent

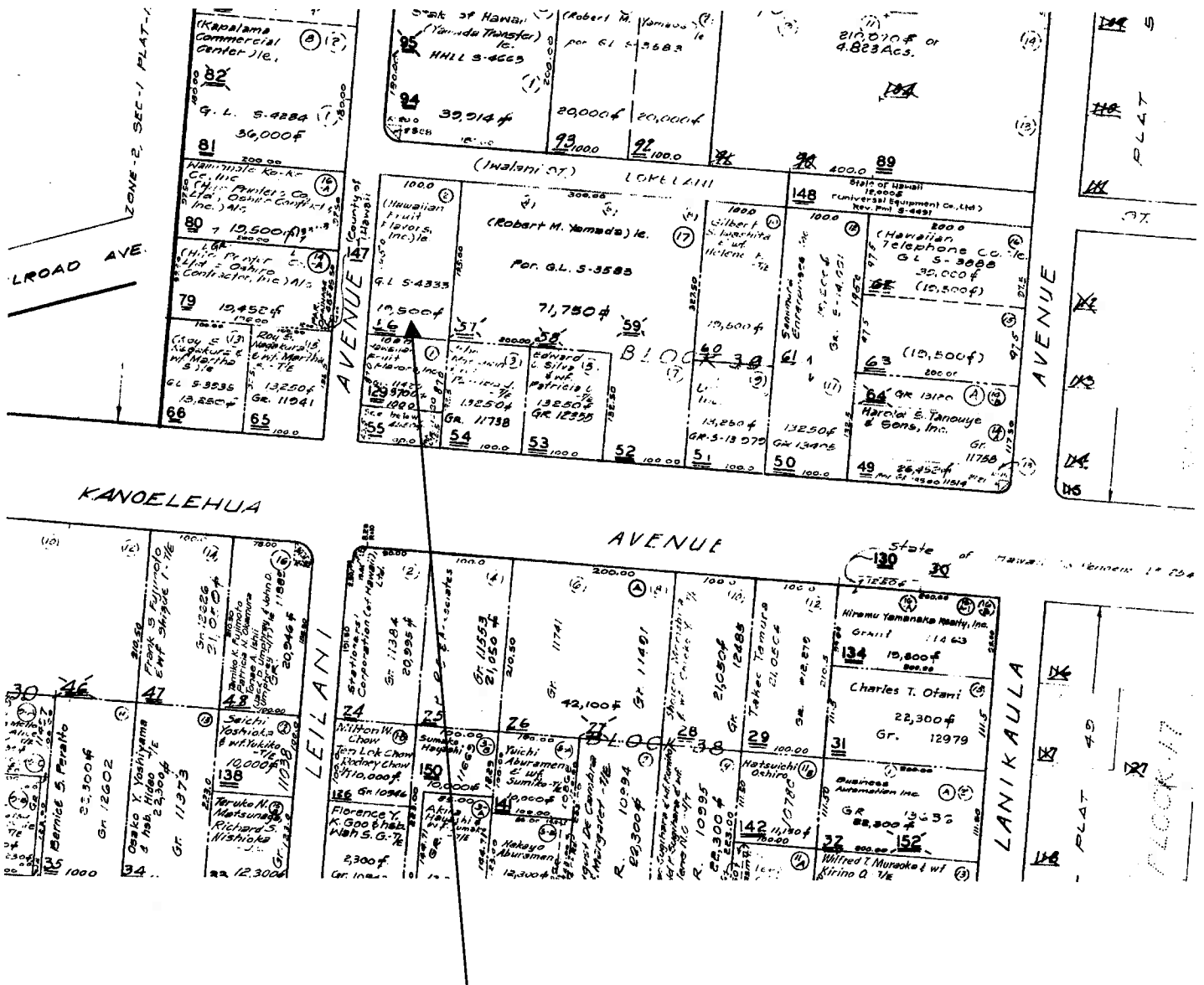


APPROVED FOR SUBMITTAL:



Laura H. Thielen, Chairperson





SUBJECT PROPERTY

GL S-4333



0 60 120 240 360 480 Feet

